

# **Economic and Fiscal Impact of the Proposed Development of the Airport West and iStar Properties**

**City Council  
March 11, 2008**

## Benefits to City of Proposed Project

- Economic impact related to the Construction of the entire project over \$2.0 billion
- Annual economic impact of the Soccer Stadium \$62.3 million
- Annual net fiscal impact to City's General Fund between \$1.8 to \$2.8 million
- Annual net fiscal impact to Redevelopment \$7.7 to \$8.5 million
- Over 14,000 jobs related to construction activity and approximately 5,000 sustained jobs
- Nearly \$850,000 will be generated for convention center, arts and cultural programs through Transient Occupancy Tax (TOT, 6%)

# Assumptions

	Scenario A	Scenario B	Scenario C
<b>Airport West</b>			
<b>Office/Industrial</b>	<b>1,514,000 sq ft</b>	<b>1,514,000 sq ft</b>	<b>1,514,000 sq ft</b>
<b>Retail</b>	<b>75,000 sq ft</b>	<b>75,000 sq ft</b>	<b>75,000 sq ft</b>
<b>Hotel</b>	<b>300 room</b>	<b>300 rooms</b>	<b>300 rooms</b>
<b>Stadium</b>	<b>No</b>	<b>Yes</b>	<b>Yes</b>
<b>iStar/Old Edenvale</b>			
<b>Office/Industrial</b>	<b>1,000,000 sq ft</b>	<b><i>1,000,000 sq ft</i></b>	<b><i>1,000,000 sq ft</i></b>
<b>Retail</b>	<b>450,000 sq ft</b>	<b><i>450,000 sq ft</i></b>	<b><i>0</i></b>
<b>Residential</b>	<b>No</b>	<b>1,300 units</b>	<b>1,300 units</b>
<b>Job Capacity (Retail/Industrial)</b>	<b>No change</b>	<b><u>All</u> job capacity shifts</b>	<b><u>Only</u> industrial capacity shifts</b>

# Fiscal Impact: General Fund & Redevelopment

	Scenario A	Scenario B	Scenario C
Annual G.F. Revenue	\$3,922,000	\$5,161,000	\$3,948,000
Annual G.F. Expenditures	\$916,000	\$2,273,000	\$2,070,000
<b>Net Annual Fiscal Impact General Fund</b>	<b>\$3,006,000</b>	<b>\$2,888,000</b>	<b>\$1,878,000</b>
Net Tax Increment to Redevelopment	\$3,568,000	\$8,527,000	\$7,732,000
Housing Set-Aside Revenues	\$1,134,000	\$2,710,000	\$2,457,000
<b>Net Impact to Redevelopment</b>	<b>\$4,702,000</b>	<b>\$11,237,000</b>	<b>\$10,189,000</b>
<b>Total Revenue to the City</b>	<b>\$7,708,000</b>	<b>\$14,125,000</b>	<b>\$12,067,000</b>
<b>Construction &amp; Conveyance Tax</b>	<b>\$3.4 million</b>		

## Economic Impact – Construction Activity (One-Time)

	Scenario A	Scenario B	Scenario C
<b>Economic Impact</b>	<b>\$1,328,550,000</b>	<b>\$2,158,162,000</b>	<b>\$2,027,662,000</b>

	Scenario A	Scenario B	Scenario C
<b>Direct Employment</b>	<b>8,900</b>	<b>14,500</b>	<b>13,700</b>
<b>Indirect Employment (Multiplier)</b>	<b>3,900</b>	<b>6,300</b>	<b>5,900</b>
<b>Total Construction Employment</b>	<b>12,800</b>	<b>20,800</b>	<b>19,600</b>

# Adopted Economic Impact of Events Methodology: Credible and Conservative

<b>Start: Total Attendance</b>
<b>Subtract: Multiple visits by Attendees</b>
<b>Equals: Number “Unique Attendees”</b>
<b>Subtract: Local residents</b>
<b>Equals: Number of “Unique Visitors”</b>
<b>Subtract: “Time-Switcher” Visitors</b>
<b>Subtract: “Casual” Visitors</b>
<b>Subtract: Visitors who are both Time-Switchers/Casual</b>
<b>Equals: “Relevant Visitors”</b>

- Counts spending by “Relevant Visitors” only toward economic impact
- Views local spending as substitutionary
- Methodology will be regularly re-calibrated to ensure accuracy

## Relevant Visitors

<b>Start: Total Attendance</b>	<b>520,500</b>
<b>Subtract: Multiple visits by Attendees</b>	<b>-62,206</b>
<b>Equals: Number “Unique Attendees”</b>	<b>458,294</b>
<b>Subtract: Local residents (San Jose Residents)</b>	<b>-119,864</b>
<b>Equals: Number of “Unique Visitors”</b>	<b>338,429</b>
<b>Subtract: “Time-Switcher” and “Casual” Visitors</b>	<b>-77,118</b>
<b>Equals: “Relevant Visitors”</b>	<b>261,311</b>

# Economic Impact – Annual Stadium Activity

	Single Year
Number of Events	41
Total Annual Economic Impact <sup>1</sup>	\$62.3 million
Total Annual Fiscal Impact to the City	\$1.6 million

## <sup>1</sup> Break Down of Economic Impact

- Visitor Spending inside stadium \$13.2 million
- Visitor Spending outside stadium \$23.7 million
- Team Spending \$1.8 million
- Direct Spending \$38.7 million
- Indirect Spending (multiplier) \$23.6 million



# Frequently Asked Questions

**Is a projected 4 Concerts realistic given proximity to and noise from the airport?**

**Why does the Economic Impact of Kansas City Specific Soccer Stadium differ from that of a San Jose Soccer Stadium?**

**Why does the Economic Impact of the Proposed Fremont Stadium differ from that of a San Jose Soccer Stadium?**

**Why is the TOT from the proposed Soccer Stadium so high?**

## **Other Impacts: Media Impressions**

**According to MLS, the promotional and public relations exposure that a team--and its associated host city--typically receives, with extensive national and international broadcast and print coverage, delivers an audience of 44.7 million impressions worth in excess of \$2.7 million.**

## **Other Impacts: Benefits Related to a Soccer Facility**

- **Laying claim to the only top level professional soccer franchise in Northern California**
- **Enhanced sports and recreational opportunities for local citizens**
- **Synergy with other entertainment facilities, including those operated by Team San Jose, leading to increased tourism activity**
- **A diversified, fun and affordable entertainment alternatives for families in the local area**
- **Enhanced community pride, self-image, exposure and reputation**

## Next Steps

- **Finalize purchase and sales agreement negotiations for Airport West Property**
- **Complete environmental analysis and bring forward land use and zoning decision for the iStar Property**